

MEMORANDUM

BY

THE OFFICERS OF THE TREASURY

ON THE

REPORT OF THE AUDITOR-GENERAL.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1871.



MEMORANDUM BY THE OFFICERS OF THE TREASURY ON THE REPORT OF THE AUDITOR-GENERAL.

REPLY to observations made by the Auditor-General in his Report of 15th September, 1871, on the Public Accounts of the Year 1869-70.

THE observations of the Auditor-General on the subject of the Warrants of His Excellency the Governor are so evidently in accord with the requirements of the Constitution Act, that it can only be a subject of regret that the operation of "The Public Revenues Act, 1867," should have in any way appeared to detract from the value of the warrant. That this was not the intention of the Legislature in passing that Act is shown by its 34th section, but at the same time, as that Act provided that issues of the public money should be made upon the orders of the Controller, the paramount necessity for a warrant was practically set aside, and that this had as much effect on the action of the Audit Department as on that of the Treasury, is shown by the fact that the Auditor-General does not state that he called for the warrant before it was produced to him, within six days of the close of the financial year.

Respecting the discrepancy between the amount of the warrant and that of the expenditure, it is to be observed that, out of the difference (£274,677 4s. 5d.), £198,502 10s. 6d. is for liabilities and engagements of the previous year, of which all (excepting the supplementary expenditure, amounting to £36,906 14s. 10d. included therein) may be considered to have been covered by warrants of previous years. The warrant of 25th June, included amounts not expended to the extent of £48,754 8s. 1d., making the actual amount uncovered by warrant to be £323,431 12s. 6d., for which sum a covering warrant has now been prepared.

The Auditor-General's remarks on the overdraft of £60,000 are not quite clear as to their meaning. In the account of the year 1868-69, (p. 28) the entry appears conspicuously, "Overdraft under Order in Council, £60,000;" and again, in the Abstract of Accounts, (p. 80) the same entry appears in the same form. The revenue of the year is thus shown to have been supplemented by the amount in question, and it is submitted that to have made any other "cross" entries would only have had the effect of swelling the totals on each side unnecessarily, and thus indeed causing "the same sum" to do "service twice," which at present does not seem to be the case. As the amount "was not in any way disturbed during the year 1869-70," it is obvious that no entry can appear in the Treasury Accounts of that year.

Page 26.—Fines on Jurors.

Fines on Jurors were not at first treated as Incidental Receipts, but upon a query being received from the Auditor-General, subsequent receipts were brought to account as under the Coroners Act, and thus they appear partly under one head and partly under the other.

Page 28.—Accrued Interest on Treasury Bills sold.

The sum of £214 15s. 11d., referred to by the Auditor-General, should have been treated as Incidental Revenue.

Page 30.—Interest on Debentures hypothecated, &c.

Of the bonds for £100,000, hypothecated for an advance of £80,000, £60,000 were first released on the 15th July, 1869, and the remaining £40,000 on the 14th September following. The Treasury, in entering the Crown Agents' Account for July, omitted on both sides the entries of payment and receipt made by the Crown Agents in respect of a quarter's interest on the £60,000, to the 15th April previous, because the transactions appeared to be purely nominal. But on the release of the remaining £40,000, when the Crown Agents charged £1,000 on the one side of their account, as interest on £40,000 for the quarters ended 15th April and 15th July respectively, and after deducting an amount paid as Income tax (£22 18s. 4d.), credited the Government with the difference (£977 1s. 8d.); the Treasury considered that it had no option but to follow the entries so made by the Crown Agents.

With reference to the remarks of the Auditor-General, as to the advantage gained by the Treasury through this sum having been brought to the credit of Miscellaneous Expenses, it need only be said that, in the memorandum of entries to be made on the account of the Crown Agents in which this credit appears, the Colonial Accountant directed that the sum in question should be credited to "Permanent Charges, Interest on the Consolidated Loan," and it was only through an unintentional oversight that that direction was not carried out.

The Treasury does not dissent, as a general rule, from the theory that interest allowed by the Bank on credit balances of the Public Account should be shown as Incidental Receipts; but it considers that where a charge is made upon a vote for interest on debit balances it is not unreasonable to credit to the same vote the interest on credit balances.

The Treasury agrees that the sum of £22 18s. 4d., paid by the Crown Agents to the Inland Revenue Department, should not have been so paid, and the amount has accordingly been surcharged them.

J. WOODWARD,
Assistant Treasurer.

C. T. BATKIN,
Paymaster-General and Accountant.

Treasury, 12th October, 1871.

